

Message Text

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E.O. 11652: N/A

TAGS: PLAB, FR

SUBJECT: GOF SOCIAL PROGRAM

1. SUMMARY. GOF SOCIAL PROGRAM REVEALED 19 JUNE IS
MODEST IN ITS QUANTITATIVE ASPECTS (INCREASED MINIMUM
WAGE, OLD AGE AID AND PENSIONS AND FAMILY ALLOWANCES)
BUT POTENTIALLY FAR-REACHING IN ITS QUALITATIVE ASPECTS
(GREATER PROTECTION AGAINST LAY-OFFS, INCREASED UNEMPLOY-
MENT BENEFITS, REFORM OF CORPORATE STRUCTURE TO PROVIDE
WORKER PARTICIPATION IN MANAGEMENT, IMPROVED "QUALITY
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OF WORKING LIFE," RENEWED EMPHASIS ON UNION-MANAGEMENT

CONSULTATION). IMPORTANCE GISCARD ATTACHES TO QUALITATIVE EXPECTATIONS OF UNIONS AND WORKERS IS CONSISTENT WITH HIS PROMISE OF "CHANGE WITHOUT RISK" AND WITH HIS NEED FOR A BROADER POLITICAL BASE FOR HIS INCREASINGLY PRESIDENTIAL REGIME. END SUMMARY.

2. IN KEEPING WITH CAMPAIGN PROMISES AND GOF'S TIME TABLE, PRIME MINISTER CHIRAC REVEALED IN PRESS CONFERENCE 19 JUNE SOCIAL MEASURES APPROVED BY CABINET EARLIER SAME DAY. AS WITH ECONOMIC MEASURES PRESIDENT GISCARD WENT ON TELEVISION SAME EVENING TO COMMENT ON GOF SOCIAL PROGRAM BY DESCRIBING IT AS ONLY FIRST STEP TO CARRY OUT SECOND OF THE TWO WISHES, HE SAID, FRENCH PEOPLE MADE WHEN THEY ELECTED HIM FOR CHANGE AND JUSTICE. SPEAKING IN CLEAR, SIMPLE LANGUAGE, GISCARD GAVE FURTHER EVIDENCE OF HIS FIRM GRIP AT GOVERNMENT'S HELM AND OF HIS DETERMINATION TO KEEP INITIATIVE ON SOCIAL MATTERS IN HIS HANDS AND TO HIGHLIGHT PRESIDENTIAL CHARACTER OF HIS ADMINISTRATION.

3. GOF SOCIAL MEASURES FALL INTO TWO CATEGORIES: QUANTITATIVE AND QUALITATIVE, TO WHICH GOF WISELY ATTACHES EQUAL PRIORITY AND IMPORTANCE.

4. QUANTITATIVE MEASURES ARE:

(A) MINIMUM WAGE. EFFECTIVE 1 JULY IT WILL BE RAISED TO 6.40 FRANCS PER HOUR OR 1,213 FRANCS PER MONTH ON BASIS OF CURRENT AVERAGE WORK WEEK OF 43 HOURS. THIS REPRESENTS A 23 PERCENT INCREASE SINCE JULY 1973.

(B) FAMILY ALLOWANCES. THESE WILL BE INCREASED BY 12.2 PERCENT EFFECTIVE 1 AUGUST INSTEAD OF 8.5 PERCENT WHICH WOULD HAVE BEEN GRANTED IF NORMAL PROCEDURES HAD BEEN APPLIED. THIS MEASURE AFFECTS FIVE MILLION FAMILIES AND WILL REQUIRE AN ADDITIONAL EXPENDITURE OF 350 MILLION FRANCS FOR 1974.

(C) OLD-AGE MINIMUM AID. DURING THE CAMPAIGN GISCARD PROMISED TO RAISE THIS AID TO 20 FRANCS PER DAY WITHIN LIMITED OFFICIAL USE

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HIS FIRST YEAR IN OFFICE. AS A FIRST STEP EFFECTIVE 1 JULY, THIS AID WILL RISE 21 PERCENT, THEREBY BRINGING THE DAILY RATE FROM 14.25 FRANCS TO 17.26 OR 6,300 FRANCS PER YEAR. THIS WILL BENEFIT 4,200,000 OLD PEOPLE AT ADDITIONAL COST OF 730 MILLION FRANCS FOR 1974.

(D) OLD AGE AND DISABILITY PENSIONS. THESE WILL BE

RAISED BY 6.7 PERCENT EFFECTIVE 1 JULY, BRINGING THE
INCREASE TO A TOTAL OF 15 PERCENT SINCE BEGINNING OF
1974. 4.5 MILLION PEOPLE WILL BENEFIT FROM THIS
INCREASE WHICH WILL COST THE BUDGET 350 MILLION FRANCS
FOR 1974 AND 831 MILLION FOR 1975.

5. THE QUALITATIVE MEASURES WHICH BY THEIR VERY NATURE
ARE MORE VAGUE BUT ALSO POTENTIALLY MORE FAR-REACHING
IN THEIR CONSEQUENCES ARE:

(A) PROTECTION OF EMPLOYMENT. RESPONDING TO TRADE
UNION AND PUBLIC OPINION SENSITIVITY TO LAY-OFFS FOR
ECONOMIC REASONS, GOF IS DETERMINED TO DEVELOP MEASURES

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TO PROTECT INDIVIDUAL WORKERS FROM CONSEQUENCES OF ECONOMIC DOWNTURNS. THE IMMEDIATE STEP WILL BE TO EXTEND THE ADVANCE NOTICE A COMPANY MUST GIVE IN REQUESTING APPROVAL FROM LABOR INSPECTORS AND TO GIVE LABOR INSPECTORS LONGER PERIODS OF REFLEXION BEFORE THEY RESPOND. FURTHERMORE, GOF IS REQUESTING UNIONS AND EMPLOYERS' ASSOCIATIONS TO UPDATE THE COLLECTIVE AGREEMENT OF 10 FEBRUARY 1969, CONCERNING JOB PROTECTION SO AS TO PROVIDE A GREATER FLOW OF INFORMATION TO THE LIMITED OFFICIAL USE

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WORK FORCE REGARDING THE COMPANIES' FINANCIAL STATUS. THIRD MEASURE IS ESTABLISHMENT OF TRIPARTITE OBSERVER COMMITTEES IN VARIOUS REGIONS WITH RESPONSIBILITY TO DEVELOP AN EARLY WARNING SYSTEM ON COMPANIES IN DIFFICULTY AND POLITICAL UNEMPLOYMENT PROBLEMS.

(B) UNEMPLOYMENT BENEFITS. BEFORE 1 OCTOBER 1974, GOF COMMITTED ITSELF TO ESTABLISH A SINGLE UNEMPLOYMENT BENEFITS FUND WHICH WILL UNIFY THE VARIOUS ASSISTANCE PROGRAMS PRESENTLY IN OPERATION WITH A VIEW TO GUARANTEEING PAYMENTS OF FULL PREVIOUS SALARY FOR A PERIOD OF ONE YEAR FROM DATE OF LAYOFF.

(C) YOUTH EMPLOYMENT. IN ORDER TO FACILITATE YOUTH ENTRY INTO LABOR MARKET, GOF WILL PROVIDE FOR A SPECIAL "WORK-TRAINING CONTRACT" TO PERMIT YOUNG WORKERS TO RECEIVE PART-TIME TRAINING AT FULL PAY DURING FIRST FEW MONTHS OF THEIR FIRST JOB. IN ADDITION A SPECIAL ALLOWANCE EQUAL TO PREVIOUS SALARY WILL BE PAID TO A YOUNG WORKER UNDER CERTAIN CONDITIONS WHILE LOOKING FOR A NEW (SECOND) JOB IF HIS FIRST JOB WAS OUTSIDE HIS TRAINING OR QUALIFICATIONS.

(D) CONDITIONS OF WORK. GOF HAS REQUESTED UNIONS AND MANAGEMENT (CNP) TO EXPEDITE THEIR NEGOTIATIONS WHICH HAD STARTED LAST YEAR ON THE APPROACH TO BE TAKEN TO THIS BROAD QUESTION OF "QUALITY OF WORKING LIFE." PRIME MINISTER CHIRAC SAID IN HIS PRESS CONFERENCE THAT IF THESE NEGOTIATIONS ARE NOT COMPLETED BY THE END OF THE YEAR, GOF WILL TAKE THE INITIATIVE AND ACT THROUGH LEGISLATION. GOF WASTED NO TIME IN INVITING UNIONS AND MANAGEMENT TO A JOINT MEETING ON 21 JUNE IN LABOR MINISTRY (A LA 1968 GRENELLE CONFERENCE) TO DISCUSS

PROCEDURAL ASPECTS OF AN ACCELERATED TEMPO OF SUBSTANTIVE NEGOTIATIONS. MEANTIME, GOF WILL PROCEED VIGOROUSLY WITH FULL IMPLEMENTATION OF LAW OF 27 DECEMBER 1973 CONCERNING WORK CONDITIONS, INCLUDING APPOINTMENT OF SPECIAL WORK COUNCILS IN COMPANIES WITH MORE THAN 300 EMPLOYEES AND ADEQUATE FINANCIAL SUPPORT FOR THE WORK OF THE NATIONAL AGENCY FOR IMPROVEMENT OF WORK CONDITIONS.

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(E) CORPORATE STRUCTURE. A SPECIAL COMMITTEE OF EXPERTS IN VARIOUS FIELDS WILL BE APPOINTED TO STUDY AND RECOMMEND AN APPROPRIATE REFORM OF CORPORATE STRUCTURE TO PROVIDE FOR A WORKER ROLE IN DECISION-MAKING AND GENERALLY TO INTRODUCE "INDUSTRIAL DEMOCRACY AT THE JOB SITE." (GISCARD). ASKED IN HIS PRESS CONFERENCE WHETHER GOF HAD IN MIND A SPECIFIC FORM OF "CO-DETERMINATION," CHIRAC SAID THAT GOF MAINTAINS AN OPEN MIND ON THIS COMPLEX ISSUE AND THE COMMITTEE OF EXPERTS WILL HAVE A FREE HAND TO MAKE WHATEVER RECOMMENDATIONS THEY DEEM PROPER PROVIDED THAT THEY DO NOT DISRUPT THE PRODUCTION MECHANISM. GOF COMMITTED ITSELF TO HAVE THE EXPERTS REPORT PUBLISHED BY THE END OF THE YEAR SO AS TO ALLOW FOR A NATIONAL DEBATE AND POSSIBLE LEGISLATIVE ACTION IN SPRING OF 1975.

6. COMMENT. THE ECONOMIC ASPECTS OF GOF'S SOCIAL PROGRAM, MODEST IN THEMSELVES, WILL APPEAR SOMEWHAT GENEROUS COMPARED TO THE ACTIONS OF ITS PREDECESSORS. IN ANY CASE, THEIR EFFECT ON THE ECONOMY AND ON GOF ANTI-INFLATIONARY PROGRAMS WILL BE TO ADD SOME 2.5 BILLION FRANCS TO THE PURCHASING POWER OF LOW INCOME FAMILIES WHICH CAN BE COUNTED UPON TO TRANSFORM IN THEIR ENTIRETY THE INCREASED BENEFITS INTO ADDITIONAL CONSUMER DEMAND.

7. THE MOST SIGNIFICANT ASPECT OF THE SOCIAL PROGRAM IS THE DEGREE OF IMPORTANCE GOF ATTACHES TO THE QUALITATIVE EXPECTATIONS OF UNIONS AND RANK-AND-FILE. THIS, OF COURSE, IS CONSISTENT WITH GISCARD'S PROMISE OF "CHANGE WITHOUT RISK." A REAL REFORM IN LABOR MANAGEMENT RELATIONS AT THE WORK PLACE WILL GO A LONG WAY TOWARDS FULFILLING GISCARD'S AMBITION TO CHANGE

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FRANCE AND IN THE PROCESS TO BROADEN HIS POLITICAL BASE.

8. THERE IS ALSO A SPECIAL REASON WHICH ACCOUNTS FOR
GOF INTEREST IN QUALITATIVE ISSUES. SOLUTIONS TO SUCH
ISSUES ARE NOT LIKELY TO ADD, AT LEAST NOT IMMEDIATELY,
TO INFLATIONARY PRESSURES. FURTHERMORE, THE SEARCH
FOR SUCH SOLUTIONS MAY HELP STAVE OFF UNION DEMANDS
FOR WAGE AND BENEFIT INCREASES. THE RENEWED EMPHASIS
WHICH BOTH GISCARD AND CHIRAC HAVE PUT ON CONSULTATION
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WITH THE "SOCIAL PARTNERS" IS ANOTHER INDICATION OF GISCARD'S CORRECT READING OF THE SOCIAL CLIMATE AND OF HIS DETERMINATION TO SEEK CONSENSUS ON THE ECONOMIC MEASURES THE ANTI-INFLATION DRIVE WILL REQUIRE.

9. THE ALMOST COMPULSIVE GOF PREOCCUPATION WITH TARGET DATES RESULTS FROM CONCERN ABOUT ITS CREDIBILITY LEST ITS PROGRAM BE VIEWED BY PEOPLE AS STILL ANOTHER SERIES OF OLD-STYLE POLITICAL PROMISES.

10. UNION LEADERS RITUALISTICALLY DESCRIBED THE NEW MEASURES AS INSUFFICIENT BUT THEIR TONE AND LANGUAGE SHOWED AWARENESS THAT GOF IS GETTING THE JUMP ON THEM AND THERE IS VERY LITTLE TO DO ABOUT IT EXCEPT TO CON- TEND AS IN THE CASE OF CFDT THAT IT TOOK UNION PRESSURE TO FORCE GOF MAKE CONCESSIONS.
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